

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND INDUSTRY

Call to Order: By **CHAIRMAN JOHN HERTEL**, on February 15, 1999 at 10:00 A.M., in Room 410 Capitol.

ROLL CALL

Members Present:

Sen. John Hertel, Chairman (R)
Sen. Mike Sprague, Vice Chairman (R)
Sen. Dale Berry (R)
Sen. Vicki Cocchiarella (D)
Sen. Bea McCarthy (D)
Sen. Glenn Roush (D)

Members Excused: Sen. Fred Thomas (R)

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Mary Gay Wells, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SJR 9, 2/12/1999
SB 419, 2/12/1999
SB 440, 2/12/1999
Executive Action: SJR 9; SB 386; SB 351
SB 369; SB 414; SB 377
SB 378; SB 379; SB 332

{Tape : 1; Side : A; Approx. Time Counter : 0; Comments : The beginning of Tape 1 was re-recorded over from 0.0 to 1.7. The first portion was reconstructed by Committee Secretary, Mary Gay Wells.}

HEARING ON SJR 9

Sponsor: SEN. MACK COLE, SD 4, HYSHAM

Proponents: None

Opponents: None

Informational Testimony: Leanne Kurtz, Legislative Services Div.

Opening Statement by Sponsor:

SEN. MACK COLE, SD 4, HYSHAM. SENATE JOINT RESOLUTION 9 requests an interim study of the state's laws and procedures that govern the development, administration and enforcement of contracts with private sector vendors to complete government projects or deliver government services. Some examples would be contracts that have to do with information technology, prisons and managed care. These are prime areas. We would take a look over the interim with people who have been very interested in this. They can go from the joint oversight committee on state management systems to the legislative finance committee to make sure we have the best contracts possible so that they will be uniform. We felt this was important enough that we should do this. There will be some informational testimony.

{Tape : 1; Side : A; Approx. Time Counter : 2.4}

Proponents' Testimony: None

Opponents' Testimony: None

Informational Testimony:

Leanne Kurtz, Legislative Services Div. I staffed the interim committee on state management systems. I was present for much of the discussion. I would like to tell you how this resolution or any study resolutions that pass this legislature would work with the restructured interim committee process. SENATE BILL 11 which passed out of the Senate and passed the House as well, and is waiting for Governor Racicot's signature, would restructure the interim system and have six major interim committees: revenue and taxation, business and labor, education, children and family's health and human services, state administration, law and justice and Indian affairs. Resolutions will be subject to the same polling, the same survey for ranking of importance. That information will go to the Legislative Council. They will assign resolutions to the six permanent interim committees. They will

assign resolutions and a budget to these structured six committees. I would see this going to the Business and Labor Committee or the State Administration Committee. That committee would undertake the study. This will not create a new committee.

Questions from Committee Members and Responses:

SEN. JOHN HERTEL asked **SEN. COLE** if there had been many inquiries concerning this issue. Have there been various groups that have approached you and given you the feeling that there is a real need for this particular study. **SEN. COLE** said that during the time they had their interim committee which he chaired, yes, various groups came in to look at contracts especially those who have contracts. He has another bill concerning the uniformity of contracts. Some of those who came in were state government as well as from the private sector. Overall for the state, there are different groups and activities, different departments have a little different way that they do contracting. Sometimes it does cause confusion and we might not get the best product for the money because of this. Hopefully, this will allow for more centralized contracting.

Closing by Sponsor:

SEN. COLE closed. Thank you for a good hearing.

EXECUTIVE ACTION ON SJR 9

Motion/Vote: **SEN. MCCARTHY** moved that SJR 9 DO PASS. Motion carried unanimously. 6-0

{Tape : 1; Side : A; Approx. Time Counter : 5.9}

HEARING ON SB 419

Sponsor: **SEN. DEBBIE SHEA, SD 18, BUTTE**

Proponents: **Jim Oppedahl, Gambling Control Division, Dept. of Justice**
Rick Griffith, MT Airport Management Assoc.
Jerry Driscoll, Building Trades, MT Machine Operators Assoc.

Opponents: **None**

Opening Statement by Sponsor:

SEN. DEBBIE SHEA, SD 18, BUTTE. Last session when we passed the Cabaret Bill, it muddled some existing law. This bill will clear this up. Airports that are owned by governments are the only liquor license that can be leased. This bill allows someone who is leasing a liquor license to also lease the gambling machines. Jim Oppedahl, Dept. of Justice, Gambling Control has some amendments that will clarify the law in greater detail.

Proponents' Testimony:

Jim Oppedahl, Gambling Control Division, Dept. of Justice. The Dept. of Justice supports this bill and would offer some amendments **EXHIBIT (bus37a01)** that would make it an even better bill. These are conceptual amendments and will need a little work. The bill is an effort that has been talked about for over a year after the last session when we realized in the restaurant beer and wine legislation passed that some problems had been created between Title 16 which is liquor and Title 21 which is gambling. It no longer allowed the leasing of the gambling operator and permit licenses that had been allowed in the past. This was an inadvertent dropping of those references. This bill and the amendments will fix the problem so that no one intended to create in the golf course, resort and airport licenses. This will clarify the government authorities concerning golf courses and airports where they lease the liquor license, then the lessee is the entity that applies for and goes through the background check, etc. for gambling licenses. We do support the bill.

Rick Griffith, MT Airport Management Assoc. This has been a sore spot for most of the airport groups in the state. The main reason is that if we wanted a liquor license in the last year and a half, we have literally had to put our own name on the liquor license, not the airport's name but our own personal name. This bill would clarify that. Liquor licenses are important for airports mainly because the gaming and liquor at the airports hold up the restaurant end. Airports survive on service fees. Airlines and other agencies of the airport end up subsidizing the restaurant and gaming area. Taking the gaming away and making it a personal issue puts the burden even more on airports. I would appreciate your support of this legislation.

Jerry Driscoll, MT Independent Machine Operators Assoc. I am also representing the Billings Labor Temple Assoc. which is a fraternal organization. Without the bill and the amendments, all

fraternals would not be able to have gaming machines. I believe there was a mistake made last session.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. JOHN HERTEL asked **Jerry Driscoll** if it were true that the fraternal organizations would not be able to have these machines without the amendments. **Mr. Driscoll** said yes. (He was asked to elaborate.) The problem of machines in fraternal organizations was just realized in the last few weeks and they are waiting for the outcome of this bill. In the Cabaret Bill of last session, gambling was only allowed with certain types of licenses. A fraternal license is in a certain section of the code and it was omitted from the Cabaret Bill. Airports and golf courses can have machines, but the airport manager or the airport authority have to put their name on it. Without the amendments, the Department of Justice is going to have to start enforcing the law and all these fraternals, technically, are not suppose to have gaming.

SEN. HERTEL asked then the lessee would have his name on it. **Mr. Driscoll** said no. In a fraternal, one may not lease it. The president, the vice president and the secretary/treasurer put their name on the liquor license and on the gambling application and they are the ones that go through the background investigation. But the way the bill went through the system last session, they are not supposed to have gaming of any kind.

SEN. HERTEL asked who would have their names on the liquor license and gambling license. **Mr. Driscoll** said whoever is the lessor at the restaurant or bar in the airport. Airports and golf courses can lease their liquor license, but under the Cabaret Bill they cannot lease the gaming machines. This bill will allow them to lease the machines as well.

SEN. BEA MCCARTHY asked **Mr. Oppedahl** if the Dept. would require the fraternal organizations to go through the hoops of getting the licenses. **Mr. Oppedahl** said they would not make them go through hoops--only what was required.

Closing by Sponsor:

SEN. SHEA closed. I support the amendments and they take care of a lot of problems that we didn't even know existed. Thank you for a good hearing.

{Tape : 1; Side : A; Approx. Time Counter : 14.3}

HEARING ON SB 440

Sponsor: SEN. SUE BARTLETT, SD 27, HELENA

Proponents: John Andrew, Dept of Labor and Industry
Anita Anderson, Montana People's Action
Lora Dalton, Montana People's Action
Nina Cramer, Montana People's Action
Kelly Pollington, Montana People's Action
Kate Cholewa, MT Women's Lobby
Don Judge, AFL/CIO
Gene Fenderson, MJH & HC (Unions)
Craig Sweet, Crazy Acres Nursery & Landscape,
Missoula
Rebecca Moog, Business & Professional Women
Kimberly Eisentrager, Montana People's Action

Opponents: Peter Blouke, Director, Dept. of Commerce
Charles Brooks, Billings Chamber of Commerce, MT
Chamber of Commerce, MT Food Distributors
Riley Johnson, National Federation of Independent
Business

Opening Statement by Sponsor:

SEN. SUE BARTLETT, SD 27, HELENA. She presented SB 440 and handed in her presentation **EXHIBIT (bus37a02)**. She asked that **John Andrew** from the Dept. of Labor explain the Fiscal Note.

Mr. John Andrew, Dept. of Labor and Industry finished the opening statement. The Dept. has submitted a Fiscal Note on this which indicates, in our best estimation, that we will need one additional compliance investigator for enforcement and informational purposes. At a grade 13 level, the projected cost we would have for initial start up, the FTE and operating costs, approximates \$45,000, the first year of the biennium. In the second year of the biennium, the cost would be in the vicinity of \$36,000. We are estimating that the funding would probably come from the employment security account and as part of the fiscal note, we've indicated that there are funding difficulties in the account so there is a question about the availability to support

the bill. I would be happy to answer any questions on the Fiscal Note or on the enforcement.

Proponents' Testimony:

Anita Anderson, Montana People's Action. She gave her testimony and handed in a copy of her talk **EXHIBIT(bus37a03)**.

{Tape : 1; Side : A; Approx. Time Counter : 25}

Lora Dalton, Montana People's Action. She gave her testimony and handed in a copy of her talk **EXHIBIT(bus37a04)**. She handed out two informational pieces **EXHIBIT(bus37a05)** and **EXHIBIT(bus37a06)**.

Nina Cramer, Montana People's Action. I am speaking to you today in support of **SB 440** and the accountability mechanisms that are included in this legislation. I am the former employee of Sun Mountain Sports in Missoula. It is a manufacturing company that receives several thousands of dollars in tax breaks with the promise of creating full time, permanent jobs. Sun Mountain Sports did create jobs but they were not at living wage jobs. During the four years that I worked for Sun Mountain Sports I was part of the most productive sewing line in the plant, obtaining production bonuses each and every day, receiving the highest wages available within the plant. However, my family and I still qualified for food stamps. Since there were no expectations, no accountability mechanisms attached to the subsidy in regard to wages or working conditions, Sun Mountain Sports used and abused this subsidy by using and abusing workers. Many workers like myself left Sun Mountain Sports with partial disabilities from repetitive motion injuries or found themselves unemployed when the company left Missoula and took 90 sewing production jobs to China. As a taxpayer, a homeowner and a voter, I urge you to support **SB 440** and insure that all Montana taxpayers receive the best bang for their buck.

Kelly Pollington, Montana People's Action. Dana Designs was a manufacturing company in Bozeman. We gave them many tax breaks to allow them to set up shop. When they changed owners they packed up shop and moved to Mexico. In 1997 there was a report in the Bozeman Chronicle that RTP, Reliable Transaction Processing, skipped town after borrowing \$170,000 from Bozeman. They promised to create 31 new jobs. They didn't. They took the money and ran. The cost is over \$200,000 with lawyers and other fees. We are asking for your support.

Kate Cholewa, MT Women's Lobby. She gave her testimony and handed in her written copy **EXHIBIT (bus37a07)**

Don Judge, AFL/CIO. We are in support of **SB 440**. We have been in economic development for a long time. Some investments that have been made in Montana are: K-Mart and Super One Stores in Hamilton; Overland Express, Blue Stone Office, Best Western Motels, State Publishing, Northern Leasing Building here in Helena, 4-B's restaurants, etc. When the AFL/CIO invests its dollars in jobs we demand that those be good paying jobs. In fact we demand they be union jobs in the construction phase of those operations. We don't lose money on those investments. We are regulated by the federal government. It is ironic that our government is using our tax dollars from those good paying jobs to invest in the creation of low-paying, dead end jobs. This is not a costly bill or a major burden for state government. If they are subsidized, shouldn't we have the right to demand accountability and levels of wages that would be living wages. We have testified for personal property tax breaks for business with some caps and limitations. We have testified for relief on homeowners with caps and limitations. If we are going to give money to business, let's hold them to standards that we believe are fair to the people of Montana. We urge a Do Pass.

Gene Fenderson, MT Joint Teamster Union which includes Operating Engineers Union, the Laborers Union, etc. We have made investments in the state and I am a secretary of a \$1 million pension fund. Any time we can find projects that we can get involved in and finance, we do that. Of course, they are union projects as they should be, as the money comes from union members. There is a thing that happens after that. Basically it is against the law for us to tell the customer that he is going to pay a certain amount. That is where the system falls down. We wouldn't invest in money in a business if they couldn't pay a decent wage. The state needs this bill. It is a good one and I urge a Do Pass.

{Tape : 1; Side : A; Approx. Time Counter : 41.5}

Inga Nelson, MEA/MFT. This is a good bill. One thing that is often overlooked is that not only people are paying taxes but so are businesses in the state. The small businesses end up subsidizing these business that receive tax breaks. It is unfair to small businesses.

Craig Sweet, Crazy Acres Nursery & Landscape, Missoula. We operate from mid-March until November and I employ 4-5 people.

My employees are started at \$8 per hour. I don't think even that is a living wage. It is probably more than my competitors pay their employees. I have heard many speak about things that need to be done to stimulate our economy. They usually speak about creating good paying jobs. By passing this bill in conjunction with giving tax incentives, etc. you will have something that says "YES" to those who receive tax breaks and subsidies that they must pay a living wage. As a taxpayer I feel that would be a good use of my money. Let us hold these businesses to create good jobs. When a company does get a tax break that there is nothing to prevent them from operating for six months and going to another part of the world. I hope you will support this bill.

{Tape : 1; Side : B; Approx. Time Counter : 0}

Rebecca Moog, Business & Professional Women. I am here in support of this bill.

Kimberly Eisentrager, Montana People's Action. I am here to testify and be in support of **SB 440**. I felt that I was secure, but that was an illusion. I am going to leave Montana because I cannot afford to live here. I have moved many times and can't seem to find a place to live that would give me a living wage. There are many in this room in support of this bill and there are many who have already left the state. I urge your support of this bill.

Opponents' Testimony:

Peter Blouke, Director, Dept. of Commerce. I do rise as a very reluctant opponent to this bill. I have discussed this bill with the sponsor at some length. I agree with the concept of the bill; however we have some serious reservations about several parts of the bill that need to be addressed. The first is the benefits that are under consideration in the bill include several of the federal programs that are administered through the Dept. such as the Community Development Block Grant Program and the federal laws that administer those programs would be in conflict with the bill as it is written. Secondly, a concern is the fact that all employees in a business would have to meet the criteria of a livable wage. We believe it is possible to attract businesses or expand businesses that pay good wages, but may have one or two minimum wage employee jobs. That is simply the value of that particular job. And to jeopardize the entire business and the opportunity to create that business and those additional jobs we feel is something that could be remedied. I suspect that many of the businesses that Mr. Judge referred to in terms of

their organization supporting would not qualify if they had to meet the same criteria as this bill presents. One of the other major concerns is the definition of what is a subsidy or a loan or grant. For example, the Dept. operates the micro-business loan program which provides loans at a higher than bank rate percent to new entrepreneurs many of whom are individuals who are either on or are coming off the welfare system. In many instances, these are brand new businesses and they wouldn't necessarily meet the criteria of the bill. To lose that opportunity in providing loans to these individuals would be a disservice. Again I certainly support the concept. The state should take an affirmative position regarding the creation of livable wages. We don't want just minimum wages.

Charles Brooks, Billings Chamber of Commerce, MT Chamber of Commerce and MT Food Distributors. I certainly sympathize with those who have testified before us. We do need to keep in mind several things. I received a briefing from one of the people that was primarily involved in providing The Northwest Job Gap Study. I would question some of the facts and foundations found in that study. I would like to testify that there are certain organizations within this state that are continually driving the average wage down because by their policies and the things that are happening we are losing the high paying jobs of the natural resource industries. I see this as a major component of the issue that we are dealing with here today. I would like to pass out for your consideration information that was in the Missoulian recently **EXHIBIT (bus37a08)**, Feb. 1, 1999. "High wages are a pleasant consequence of productive success." I maintain we do not have a wage gap in our state, we have a skill training productivity gap. That is how wages will go up. I can testify that some of the people that I employed (over 200 people) starting out at minimum wage today are managers of stores making substantial salaries. They developed their skills and were productive. They received promotions that they deserved because they were productive. One of the issues before us was address in this article. "Voltaire said, 'In general, the art of government consists in taking as much money as possible from one class of citizens to give to the other.'" Folks, this is socialism and socialism is a failed economic philosophy. We all know that. The free enterprise system needs to work with the minimum of interference of government regulations and taxation. The real problem for low wage workers is a lack of productivity and skills that a better education might have given them. Firms hire and retain only those employees who add at least as much to the revenue as they cost. That is productivity. We can continue to subsidize as they say in the testimony with tax breaks. But lets face it, government does not provide jobs. Private enterprise

provides jobs. The capitalistic system has taken this nation and has made it the greatest nation in the world as far as wealth and productivity is concerned. Yes, there are those who are having problems with the system, but those of you who are having problems with the system need to commit yourselves to developing your skills, committing yourselves to being productive and I stand before you today as one who was born in poverty. Thank you.

{Tape : 1; Side : B; Approx. Time Counter : 9.2}

Riley Johnson, National Federation of Independent Business.

Having read through several times **SB 440**, NFIB feels that this is a punitive bill. It will create more paper work, more regulations, more fines, more penalties and less productivity. Productivity is what makes more jobs and pays higher wages. This is an effort to come in the back door on a minimum wage bill that has already failed in this session. But these are all arguments that you have heard before and will hear again. The one question that I would like to ask is if businesses are to be forced to pay living wages because of public financial assistance that they are receiving and are asked to pay a livable wage, then what about government? Why subsidize businesses as Montana People's Action said, with tax dollars which don't pay their employees a livable wage? I say, "Why subsidize government with taxpayer dollars?" Accountability and responsibility for employees who receive public financial assistance could very easily be a government entity. The next time the government goes to the people for a tax or fee increase, maybe this should be attached to that. Maybe we should put an \$8 per hour minimum level on government and everyone else. We urge your opposition to **SB 440** because what is good for the goose is good for the gander.

Questions from Committee Members and Responses:

SEN. MIKE SPRAGUE asked **SEN. BARTLETT** if work was given to a subcontractor, would they be included in this bill. **SEN. BARTLETT** did not believe that they would fall under this bill. They would not be considered an employee. **SEN. SPRAGUE** then asked about public financial assistance. If a business took a depreciation on their business or have an insurance program for their employees and took a tax deduction, would that constitute as public financial assistance? **SEN. BARTLETT** said that was not intended to be captured as a part of that definition. If it could be interpreted that way, she would change it. **SEN. SPRAGUE**

asked about charitable contributions that are offset against profits. **SEN. BARTLETT** said that is not intended to be captured up this bill. This bill is designed for assistance that people apply for.

SEN. GLENN ROUSH asked **SEN. BARTLETT** that under the definition for a livable wage, the word "wage", is there anything other than the hourly rate paid to an employee that could be construed into that as far as the fringe benefits. **SEN. BARTLETT** said that as currently written, the answer is no. There are approaches to livable wage issues that provide an offset for health insurance, which generally the offset runs between \$1.25 and \$1.50 an hour. If a decent health insurance is provided, the wage itself is reduced by that amount.

{Tape : 1; Side : B; Approx. Time Counter : 17.5}

SEN. JOHN HERTEL asked **Riley Johnson** why would an industry apply for a grant or tax break. **Mr. Johnson** said generally to help with the formation of capital to create jobs. Usually it is for a loan, not a grant. **SEN. HERTEL** then asked if industries that have to acquire money to make their industry run, would paying these wage increases be a detriment or difficult. **Mr. Johnson** said that in most cases the business would get around this by finding a way around them. It may not be detrimental to them. The way around this would be to have fewer employees.

SEN. HERTEL asked **SEN. BARTLETT** about the vagueness of the bill and would she do some more work on this to clarify the bill.

SEN. BARTLETT stated that while it was clear to her, she would be willing to take those concerns into account and work on the language.

SEN. SPRAGUE asked **Don Judge** if, in any of their training programs, those employees would be started at a lower wage. **Mr. Judge** said he understands the need for training levels, but there should be a certain level below which wages should not go and those low-level wages should not be subsidized.

Closing by Sponsor:

SEN. SUE BARTLETT. Department of Labor and Industry information for the average hourly earnings in December for production workers in the retail trade was \$7.95 per hour. That is the lowest-paying industrial mix in Montana, as it is nationwide. Average hourly earnings for all industries was \$11.52 per hour; in all likelihood, the livable wage proposed by this bill is

\$7.98 per hour. Studies show that in productivity, Montana's workers come in either first or second. The reason for this bill is to require the state to target our economic development resources toward industries that pay good wages and to hold those industries that public resources for assistance accountable for paying a livable wage. The bill isn't in its final form but I hope the Committee will continue to work with us to reach a form that is acceptable and will receive a DO PASS.

{Tape : 1; Side : B; Approx. Time Counter : 26.2}

EXECUTIVE ACTION ON SB 386

Motion: SEN. SPRAGUE moved that SB 386 DO PASS.

Motion/Vote: SEN. SPRAGUE moved AMENDMENTS SB038601.ABC.

EXHIBIT(bus37a09). Motion carried unanimously 6-0.

Motion/Vote: SEN. COCCHIARELLA moved that SB 386 AS AMENDED DO PASS. Motion carried unanimously 6-0.

EXECUTIVE ACTION ON SB 351

Motion: SEN. MCCARTHY moved that SB 351 DO PASS.

Motion/Vote: SEN. MCCARTHY moved that AMENDMENTS SB035101.ABC

EXHIBIT(bus37a10) DO PASS. Motion carried unanimously 6-0.

Motion/Vote: SEN. MCCARTHY moved that SB 351 AS AMENDED DO PASS. Motion carried unanimously 6-0.

EXECUTIVE ACTION ON SB 332

Motion: SEN. COCCHIARELLA moved that SB 332 DO NOT PASS.

Discussion:

SEN. VICKI COCCHIARELLA said 20-32-101 was only MetNet and that's all that the bill would allow. This bill had amendments **EXHIBIT**(bus37a11) but they didn't help. This bill shuts down government involvement in any telecommunications except MetNet. This is a horrible concept in this day of technology and it would

also cost the state more money. If this bill passed, it would be questionable if public television would be allowed in Montana.

SEN. BEA MCCARTHY said she agreed.

Substitute Motion/Vote: SEN. MCCARTHY made a substitute motion that SB 332 BE TABLED. Substitute motion carried 5-1 with SEN. HERTEL voting no.

EXECUTIVE ACTION ON SB 369

Motion: SEN. MCCARTHY moved that SB 369 DO PASS.

Motion/Vote: SEN. MCCARTHY moved that AMENDMENTS SB036901.ABC EXHIBIT(bus37a12) DO PASS. Motion carried unanimously 6-0.

Motion/Vote: SEN. SPRAGUE moved that SB 369 AS AMENDED DO PASS AS AMENDED. Motion carried unanimously 6-0.

{Tape : 1; Side : B; Approx. Time Counter : 44}

EXECUTIVE ACTION ON SB 414

Motion: SEN. ROUSH moved that SB 414 DO PASS.

Motion/Vote: SEN. ROUSH moved that AMENDMENTS EXHIBIT(bus37a13) SB041401.ABC DO PASS. Motion carried unanimously 6-0.

Motion/Vote: SEN. MCCARTHY moved that SB 414 AS AMENDED DO PASS. Motion carried unanimously 6-0.

{Tape : 2; Side : A; Approx. Time Counter : 0; Comments : Because of over-recording, Executive Action for SB 378 & SB 379 was reconstructed from Tape Log.}

EXECUTIVE ACTION ON SB 378

Motion/Vote: SEN. COCCHIARELLA moved that SB 378 DO PASS. Motion carried unanimously 6-0.

EXECUTIVE ACTION ON SB 379

Motion: SEN. MCCARTHY moved that SB 379 DO PASS.

Motion/Vote: SEN. MCCARTHY moved that AMENDMENTS SB0037901.ABC EXHIBIT(bus37a14) DO PASS. Motion carried unanimously 6-0.

Motion/Vote: SEN. COCCHIARELLA moved that SB 379 AS AMENDED DO PASS. Motion carried unanimously 6-0.

{Tape : 2; Side : A; Approx. Time Counter : 0; Comments : Tape 2 begins with Executive Action on SB 377}

EXECUTIVE ACTION ON SB 377

Motion: SEN. MCCARTHY moved that SB 377 DO PASS.

Motion/Vote: SEN. MCCARTHY moved that AMENDMENTS SB037701.ABC EXHIBIT(bus37a15) DO PASS. Motion carried unanimously 6-0.

Motion/Vote: SEN. MCCARTHY moved that SB 377 AS AMENDED DO PASS. Motion carried unanimously 6-0.

EXECUTIVE ACTION ON AMENDMENTS ON SB 389

Motion: SEN. ROUSH moved that SB 389 DO PASS.

Motion: SEN. ROUSH moved that AMENDMENTS SB038901.ABC EXHIBIT(bus37a16) DO PASS.

Discussion:

SEN. GLENN ROUSH said he understood the amendments did something for the people of Montana who were severely impacted by disability. It isn't intended to support the concept of fraud in the Workers' Compensation program. The cost of living has gone up considerably in the last three years and we have people who are severely impacted. The amendments are a compromise. The bill required a higher number and cost figure but the amendments reduce the cost. Many of these people are at the low end of the pay scales and the accidents are legitimate. They need to be reimbursed for travel, lodging, etc.

Don Judge reiterated the amendments substantially reduced the overall cost of the bill.

SEN. VICKI COCCHIARELLA said something had to be done for people in Montana who were severely injured. Insurers would agree that if, for example, a person got only \$36,000 for the rest of his or her life, it wasn't sufficient. However, there is no such thing as 100% impairment rating because the medical provider determines those percentages. Under the current system of rehabilitation, (which was drastically reduced) some people will never work again because they won't have the training. This system got out of whack because of politics and I believe there are potential exclusive remedy suits against employers because benefits have been cut so severely. Something has to be done. Perhaps the Committee can increase the number of weeks because that factor is key and goes into the calculation of their permanent partial disability benefit.

SEN. BEA MCCARTHY said she agreed with the bill, the amendments and the goal, but she was concerned about the cost. However, something has to be done. Perhaps something could be done this Session and something else in a later Session.

SEN. MIKE SPRAGUE said emotional tweaks were easy to do; however, even the smallest tweak usually had large future ramifications. He hated to see something done which would cause a major problem for future legislatures. He was in favor of assisting those who needed and deserved the assistance, but didn't want to return to a position of Workers' Compensation fund deficit.

SEN. JOHN HERTEL said the testimony they heard said the cost would be increased by 50-55% and without a fiscal note to show the exact increase of the amendment, I couldn't vote on it.

SEN. MCCARTHY said the increase of injury calculations was 1/3.

Vote: Motion passed 5-1 with Sprague voting no.

The committee decided to hold the bill until another day for final executive action.

ADJOURNMENT

Adjournment: 12:10 P.M.

SEN. JOHN HERTEL, Chairman

MARY GAY WELLS, Secretary

JH/MGW

EXHIBIT (bus37aad)